



China's Post Accession Strategies and Challenges

for session 4

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Structure of the Presentation

- Further integration to the Multilateral Trading System
- Challenges and Ways Out



Part I: Further Integration to the Multilateral Trading System



Mindset

- Opening up and domestic reform are mutually supportive. Opening up could boost domestic reform, economic development and innovation.
- Accession process with follow-up endeavor is also a journey of domestic reform.



China's Tariff Reduction in the last Two Decades

	1993 China	2001 China	2011 China	2011 World	2011 Devel oped	2011 Devel oping
Average tariff	43.2%	15.3%	9.8%	39.5%	6.5%	46.6%
NAMA	42%	14.8%	8.9%	29.9%	6.1%	37.3%
Agriculture	46.1%	23.2%	15.2%	60.5%	60%	61.7%

Source: China Statistical Yearbook, WTO Secretariat

Implementation: A+

- Since 1999, more than 3000 laws and regulations have been promulgated, amended or abolished at the central government level
- 190 thousand regulations and measures have been promulgated, amended or abolished at the local government level
- Administrative reform, more transparent government

2006, WTO DG Lamy's comment: A+



Case I: Auto Industry

- Lower tariffs from 100% to 25%, eliminate foreign exchange balance requirement, local content and export performance requirement in terms of foreign investment
- More import of cars and their parts
- --R&D center for each foreign-invested enterprise;
--Joint ventures
--Incentives for technology transfer
--Technical regulations and standards for cars



Case II: Textile Industry

- Phase-out of foreign quotas---larger market
- Fast increase of export-----safeguards
- Quantity—quality
- Designs, patents, copyright, traditional knowledge-----new edges
- Alignment of technical regulations and standards
- Alert system, Chamber of Commerce info system
- Textile machines upgrading
- Bilateral and multilateral coordination mechanism



Case III: IT Industry

- ITA
- Incentives for innovation and R&D
- Encourage joint ventures
- Open new markets
- National industrial parks and zones
- Differential stages in various regions



Case IV: Agriculture

- More import-----net import country
- Improve the circulation of agri products
- Eliminate agri tax
- Green Box, de minimus domestic support
- Tap the potential of agri products with comparative products; fruits, vegetables
- Export credit, insurance; natural risk insurance; info. for international market; standards; Brand name, GI
- Alert system; food safety; SPS/TBT;
- Technology distribution, development



Part II: Challenges and Ways Out



China's factor endowments

- labor factor keeps its edge of low cost and abundance
- Scarcity of capital has been alleviated
- Scarce high-skilled labor



Problems in China's Foreign Trade

- Resource constraint
- Environment constraint
- Labor cost increasing
- Still at the lower end of the global value chain
- Lack of core patents and world famous brands



Who are Developing members and LDCs

- *Developing members: self-election principle*
- *LDCs: recognized by UN Economic and Social Council*



Special & Differential Treatment

- *Less than full reciprocity principle*
- *Provisions allowing flexibility of commitments: 4L: (Lower, Less, Later, Longer)*
- *Provisions aimed at increasing trade opportunities of developing countries;*
- *Provisions which require WTO members to safeguard the interests of developing members when adopting protective trade measures*
- *Technical assistance and capacity building*



Duty-free & Quota-free(DFQF) to LDCs

- US: 80%
- EU: 99%
- Japan: >97%
- Brazil: 100%?
- India: 85%+8%
- China: 60%--95%



Aid for Trade Initiative

- Aid for Trade initiative launched at Hongkong Ministerial Meeting in 2005
- Trade strategies and policies formulation; trade-related infrastructure; production capacity to diversify trade; trade-related technical assistance and capacity building
- First global review: 2007, then, every two years
- Other players: ITC, UNCTAD, UNIDO, OECD, WB, regional banks

Import is also important...

- Guangzhou Export Commodities Fair was renamed Guangzhou Import and Export Commodities Fair in 2007---A Milestone!
- Faster import growth than export in recent years



IP Protection and Innovation

- National Strategy on Intellectual Property Rights
- National Innovation Strategy
- IPR cooperation chapters in all China's FTA agreements
- New Agenda in the DDA negotiations: GI protection, Genetic Resources----A rebalancing of rights and obligations



Thank you for your attention!

